

## Message Text

SECRET

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 NEAE-00 INR-05 CIAE-00 PM-03  
IO-06 EUR-08 NSC-05 NSCE-00 EB-03 OMB-01 TRSE-00  
L-01 OES-02 /056 W  
-----291913Z 055364 /43

P 291630Z APR 77  
FM AMEMBASSY TUNIS  
TO SECSTATE WASHDC PRIORITY 6601  
INFO AMEMBASSY LONDON PRIORITY  
AMEMBASSY OSLO PRIORITY  
AMEMBASSY PARIS PRIORITY  
AMEMBASSY ROME PRIORITY  
AMEMBASSY TRIPOLI PRIORITY  
AMEMBASSY VALLETTA PRIORITY  
USMISSION USUN NEW YORK PRIORITY  
SECDEF  
CINCUSNAVEUR  
EUCOM  
USDOCOSOUTH NAPLES

S E C R E T TUNIS 2994

LIMDIS

NOFORN

E.O. 11652: N/A  
TAGS: PFOR, PLOS, PBOR, LY, IT, TS  
SUBJ: TUNISIAN.LIBYAN CONTINENTAL SHELF DISPUTE:  
DRILLING BY U.S. FIRM

REF: STATE 95427 (NOTAL, STATE 79051, NOSIC 261303Z APR 77  
(NOTAL), PARIS 12468, ROME 6910, AND OSLO 1728 (NOTAL).

1. SUMMARY. WE SHARE DEPARTMENT'S CONCERN OVER LIBYAN CON-  
TRACT WITH READING AND BATEB FOR OIL DRILLING AT OFFSHORE SWTE  
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DISPUTED BY TUNISIA AND HOPE REMEDIES BEING EXPLORED WILL  
LEAD TO REVERSAL OF DECISION BY U.S. FIRM. WE COMMENT ON IM-  
PLICATIONS OF SITUATION, WELCOME PROSPECT OF PROMPT GUIDANCE  
FROM DEPARTMENT AND SUGGEST INFORMATION WHICH MIGHT USEFULLY BE  
SUPPLIED BY OTHER POSTS. END SUMMARY.

2. WITH PROSPECT OF U.S.-OWNED RIG WITH AMERICAN PERSONNEL DRIL-

LING ON BEHALF OF LIBYA AT A WELL SITE APPARENTLY FURTHER INTO AREA OF ASSERTED TUNISIAN JURISDICTION THAN BELEAGUERED ITALIAN "SCARABEO IV" (WHICH WE ASSUME IT WOULD REPLACE), WE CLEARLY FACE DELICATE SITUATION IN TERMS OF BILATERAL POLITICAL AND COMMERCIAL RELATIONS AND POSSIBLE THREAT TO PEACE AS WELL. AS DEPARTMENT APPRECIATES IT IS URGENT THAT READING AND BATES BE DISSUADED FROM INVOLVING ITS DRILLING SHIP, THE "J.W. BATES", UNDER PREVAILING CIRCUMSTANCES. IT MAY BE OVER FOUR WEEKS UNTIL "J.W. BATES" CAN BE ON-SITE, BUT MATTER OBVIOUSLY IS MORE PRESSING THAN THIS SUGGESTS. FACT THAT RIG IS U.S.-OWNED EXACERBATES SITUATION AND RISKS DAMAGING OUR ABILITY TO COUNSEL GOT TO USE CAUTION.

3. WHEN TUNISIANS LEARN OF THIS DEVELOPMENT--AND OUR CREDIBILITY AND POSSIBILITY OF ITALIAN "LEAK" DICTATE THAT WE NOT LONG DELAY INFORMING THEM--THEY MAY PERCEIVE GREATER INCENTIVE: (A) TO DRILL THEIR OWN WELL IN DISPUTED AREA, (B) TO FACE RISKS OF A "CAUTIONARY INCIDENT" TO DISSUADE READING AND BATES FROM UNDERTAKING WORK OR, (C) TO PRESS THEIR CASE BEFORE U.N. SECURITY COUNCIL ON LIBYAN THREAT TO PEACE. (THIS LAST COURSE OF ACTION COULD HAVE DESIRABLE AND SIDE-EFFECT OF PROVIDING GROUNDS FOR READING AND BATES TO REVERSE ITS DECISION. LATEST REPORTING, IN PARIS 12468, REINFORCES OUR SKEPTICISM ON FRENCH MEDIATION AS ALTERNATIVE TO UNSC).

4. SENSITIVE POLITICAL AND COMMERCIAL ISSUES ARE INTERTWINED IN THIS MATTER. APART FROM PREEMINENT QUESTION OF PHYSICAL SAFETY OF KTXICANS, IT IS NOT COMFORTABLE TO CONTEMPLATE EITHER LEGAL RISKS TO READING AND BATES IF IT GOES AHEAD, OR PRESSURE  
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ON AMERICAN OIL FIRMS HERE, SUBH AS BUTTES, WHICH WOULD FOLLOW. BILATERAL POLITICAL ASPECT IS DISBURBING. AS DEPARTMENT AWARE, USG SHARED CONSIDERABLE HEAT FROM GOT LAST YEAR WHEN BUTTES AND ODECO BASED THEIR DECISION NOT TO DRILL IN ETAP PERMIT AREA SUBSTANTIALLY ON DEPARTMENT'S POLICY STANCE AGAINST INVOLVEMENT OF U.S. COMPANIES IN DISPUTED AREAS. IF ANOTHER AMERICAN FIRM NOR PROCEEDS ON BEHALF OF LIBYA, UNDER SIMILAR CIRCUMSTANCES AND IN THE FACE OF SIMILAR ADVICE, IT WILL BE DIFFICULT TO AVOID A CYNICAL REACTIN CORROSIVE TO OUR RELATIONS WITH TUNISIA.

5. FOR INFORMATION ADDRESSEES: WE SUGGEST INFORMATION ADDRESSEES NOT DISCUSS PLANS FOR "J.W. BATES" WITH HOST GOVERNMENTS UNLESS EMBASSY ROME AND DEPARTMENT BELIEVE GOI MIGHT STILL FORESTALL THE PLANNED DRILLING OPERATION BY, FOR INSTANCE, WITHDRAWING ITS FINANCING FOR INSURANCE COVERAGE OF RIG. (GIVEN GOI AND ENI ACTIONS TO DATE, AND MOTIVATION AS EXPLAINED BY EMBASSY ROME, WE ASSUME SUCH ITALIAN ABOUT-FACE NOT LIKELY).

6. FOR OSLO: UNTIL WE CAN INFORM GOT REGARDING THESE DEVELOP-

MENTS, WE HESITATE TO INQUIRE FURTHER ON ITS INTENTIONS WITH RESPECT TO POSSIBLE USE IN DISPUTED AREA OF "NORTROL" RIG (NORWEGIAN FLAG, BUT PARTIAL U.S. OWNERSHIP), WHICH REPORTED BY NOSIC AS EASTBOUND APRIL 23 FROM GIBRALTAR FOR UNKNOWN DESTINATION. WE WOULD APPRECIATE IF EMBASSY OSLO COULD AGAIN DISCREETLY VERIFY INTENTIONS OF "NORTROL" OWNERS (GOTAAS-LARSEN). NATIONALITY OF CREW ALSO RELEVANT IF DESTINATION COULD BE IN THIS AREA. PROMPT REPLY WOULD BE APPRECIATED SINCE, AS NOSIC POINTS OUT, NORTROLK COULD ARRIVE IN GULF OF GABES BY APRIL 30.

7. FOR LONDON: SUBJECT TO DEPARTMENT CONCURRENCE, WE WOULD APPRECIATE DISCREET INQUIRY AS TO LLOYD'S CURRENT WILLINGNESS TO COVER RISKS IN DISPUTED GULF OF GABES AREA. LAST YEAR, NON-AVAILABILITY OF INSURANCE WAS ULTIMATE REASON GIVEN BY U.S. FIRMS FOR WITHDRAWAL FROM PLANNED OPERATIONS FOR ETAP IN DISPUTED OFFSHORE ZONE.

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8. I PLAN TO SEEK APPOINTMENT WITH FOREIGN MINISTER CHATTY EARLY NEXT WEEK TO DISCUSS MATTERS INCLUDING CONTINENTAL SHELF DISPUTE AND THEREFORE WOULD APPRECIATE PROMPT GUIDANCE. MULCAHY

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## Message Attributes

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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Type:** TE  
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